

**Potential Questions for the Senate Energy and Natural Resources Committee Hearing on the
Freely Associated States**

March 29, 2022

1. There have been many expressions of concern from Members of Congress to the White House about the pace of Compact negotiations between the United States and the Freely Associated States. We are aware that the White House has recently appointed a Special Presidential Envoy, which appears to be a positive development. However, Congress will still need to approve the extension of imperative programs, services and economic assistance for these close allies well before the end of FY 2023.

Secretary Nakoa, Do you think this appointment will help accelerate progress on these important talks and that the Administration can send the Congress a proposed legislative package later this year?

2. The Committee is aware that in addition to the upcoming economic assistance package for the FSM, by its own terms the U.S.-FSM Compact Trust Agreement needs to be renegotiated so that it can be approved by Congress well in advance of the end of FY 2023. The recent GAO Report confirms that the corpus of the Trust Fund will not be adequate to provide distributions to the FSM over the next 20-year period without endangering the country's future, and that the FSM will need to rely on sector grants to help its annual budget during this period.

Secretary Nakoa, Will you commit to working with this Committee to seek approval of an updated Trust Fund Agreement, which would adjust the distribution policy to ensure that the FSM has adequate funding from the Trust Fund after FY 2043 and has the ability to spend that funding based on the country's needs?

3. The Committee is concerned that the Administration has not yet confirmed that U.S. programs and services provided under the Amended Compact and Public Law 108-188 will continue after FY 2023. Important issues will need to be addressed including eligibility for the US Postal Service, Supplemental Education Grants, disaster preparedness, Pell Grants, and similar matters of concern.

Secretary Nakoa, Can you share with the Committee information on the Administration's commitment to continue the existing programs and services for the next 20-year-period?

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